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Gazette Opinion: Make every CHIP dollar count for our kids

For six years, Montana's Children's Health Insurance Plan has been covering Montana youngsters who otherwise would have no medical insurance. Most CHIP kids are in low-income working families.

Starting this year, the Legislature and Gov. Brian Schweitzer boosted state CHIP funding with proceeds from the tobacco tax, following a directive from voters who approved that tax increase. That boost is allowing CHIP to grow. In March, it covered more children than ever before: 12,231. Compared with the 10,901 kids in the program in March 2005, there's a gain of 1,130. In Yellowstone County, CHIP enrollment in March was 1,146 children, 177 more than a year ago.

Montana was one of 29 states to take steps to make their CHIPs more accessible to their children in the past year, according to the Kaiser Commission on Medicaid and the Uninsured.

Since its inception, CHIP has purchased private insurance from Blue Cross and Blue Shield of Montana, paying a monthly premium for each child. But the state itself does CHIP outreach, determines eligibility, administers dental and eyeglasses benefits and fulfills other federal requirements.

The 2005 Legislature passed a law that gives the state more flexibility in how CHIP is administered. Under the new law, the state could self-insure and run the entire program itself. Or it could self-insure and contract with a third-party administrator to handle claims. Federal law also allows states to make their CHIP an expansion of Medicaid, but only if Medicaid eligibility requirements are relaxed to serve more children.

The question that state health department officials have been trying to answer is: Can CHIP run less expensively under a different option?

The No. 1 reason for looking a change is to maximize the CHIP money going for children's care and to minimize money spent on administration. Because CHIP has a limited budget, each dollar spent on administration means one fewer dollar for children's care.

The state health department is right to review the cost-effectiveness of this program. The Legislature gave it tools to make a change. Many larger Montana businesses and the state itself find self-funded health plans to be their best option. That may be the right choice for CHIP, too. The state has six years of experience, cost and claims data. With a reliable third-party administrator (which could be Blue Cross), the state may be able to cover even more kids.